



BACKGROUND

Equity mechanisms have been discussed as part of the General Plan Update since early in the process, with the Interest Group and Steering Committee Stakeholder Groups, as well as discussion by the Planning Commission and endorsement by the Board of Supervisors. The strategy currently undertaken by the department has been endorsed by the Board of Supervisors for the creation of a Purchase of Development Rights program for the protection of farmland. This white paper will summarize the history of equity mechanisms in the General Plan Update, as well as summarize some of the proposals submitted by interested parties.

TYPES OF EQUITY MECHANISMS

Transfer of Development Rights (TDR) and Purchase of Development Rights (PDR) are planning techniques mainly developed to protect open space through acquisition of the development rights of land. Both are based on the idea that land ownership involves a bundle of rights (e.g. surface rights, air rights, mineral rights, or development rights, etc.) and that these rights can be separated and sold individually. TDR and PDR are typically incentive-based programs that allow property owners to separate and sell the development rights for their property from the bundle of property ownership rights they retain.

TDR is the sale of one parcel's development rights to the owner of another parcel, which allows more development on the second parcel while reducing or preventing development on the originating parcel. Under such a program, development rights are severed from a lot designated for protection (sending area), and the severed rights are transferred to a lot in an area where additional development is permitted (receiving area).

PDR is typically the sale of development rights to a qualified conservation entity (typically a non-governmental organization or government agency), resulting in the retirement of those development rights from the property and a conservation easement placed on the parcel for perpetuity.

GENERAL PLAN UPDATE EQUITY IMPACTS

Advocacy for an equity mechanism to be part of the General Plan Update is based on the argument that the General Plan Update will result in a loss of property value to many property owners that are

proposed to receive density designations lower than their current density. DPLU agrees that there will be an impact to property values as a result of the GP Update but in most cases that impact has been greatly exaggerated. Part of this is because many of the densities in the existing General Plan are unachievable for the following reasons:

- Many properties are highly constrained by topography and watercourses
- Many properties are constrained by regulations for sensitive species, wetlands, and groundwater
- Some properties lack fundamentals for development such as access

The effect that development potential has on property value varies greatly by property. A number of factors exist that often limit the added value that development potential may bring, including:

- Any future development potential is speculative and at the discretion of the County of San Diego
- Preparing and processing a subdivision is typically costly due to the surveys, plans, and studies required
- Subdividing land often requires significant expenditures to provide necessary infrastructure, roads, and connection fees
- There is limited demand for subdivided land in the backcountry as evident by the numerous vacant parcels that currently exist and SANDAG forecasts

GENERAL PLAN UPDATE HISTORY

Equity mechanisms have been the subject of many public meetings, with 10 Interest Group Meetings from 2001 to 2004, two Steering Committee Meetings and four meetings with the Board of Supervisors and Planning Commission.

During these meetings many criteria were discussed that could be included in a TDR or PDR program and included work from a hired consultant who held a workshop on similar programs throughout the country. Through these discussions concerns were raised about the scale of an equity program for the entire unincorporated County of San Diego. Additional concerns were raised by stakeholders, stating that the point of a General Plan was to direct development into appropriate areas; therefore properties that are appropriate for

FACT SHEET

EQUITY MECHANISMS

GENERAL PLAN UPDATE INFORMATION

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development should not be required to purchase development rights from inappropriate areas. There were difficulties with a TDR since the GP Update would result in a net reduction in overall development rights for the County. Sending sites would significantly outnumber receiving sites making resulting in an unworkable TDR. For a PDR program, a viable funding source to cover all of the GP Update could not be identified.

Eventually the Interest Group developed and endorsed assumptions that would be the basis for establishing the current equity mechanism approach, a PDR program primarily for agricultural lands. This information was presented to the Board of Supervisors and Endorsed in May 2004, available on the General Plan Update Website at: http://www.sdcounty.ca.gov/dplu/docs/bos_may04_equity.pdf

The program endorsed was as a separate mechanism from the General Plan Update, allowing for PDR on small scales. The program is now being developed by staff as the Purchase of Agricultural Conservation Easements (PACE) Program.

Meeting minutes from the Steering Committee and Interest Group Meetings are located on the General Plan Update website <http://www.sdcounty.ca.gov/dplu/gpupdate/>

PURCHASE OF AGRICULTURAL CONSERVATION EASEMENTS (PACE)

The County is in the final stages of negotiating a consultant contract with American Farmland Trust (AFT), to serve as the County's consultant on the development and initiation of the PACE program. AFT is the first nationwide nonprofit membership organization solely dedicated to protecting America's farmland, and has more than 23 years of experience protecting farms, ranches and forestry operations. They work with land use planners, the agricultural community, elected officials, land trusts and others to build support for the protection of productive land. They also help create effective local-level and statewide strategies for making farming, ranching and forestry economically viable and environmentally sustainable. Their team of experts includes farmers, lawyers, appraisers, wildlife biologists, land use planners, economists and communications specialists. The County anticipates finalizing AFT's contract within the next few weeks and conducting a kick-off meeting in early March.

CONSERVATION SUBDIVISION PROGRAM

Another, often overlooked, equity benefit of the General Plan Update is the proposed Conservation Subdivision Program. This program allows for flexibility in subdivision design to respond to constraints or regulations which in the past may have reduced overall development yield. The Conservation Subdivision Program also allows for preserving a large area of agricultural lands while dividing off portions for residential use. Therefore, while the designated density on a property may decrease the "paper" yield for the property, the Conservation Subdivision Program may remove obstacles that make any subdivision of the land more feasible.

PUBLIC EQUITY MECHANISM PROPOSALS

Shibley

One of the proposals for an equity mechanism was proposed by Dave Shibley in his letter on the Draft General Plan. In his proposal, all of the downzoned units, about 33,000, from the existing General Plan to the General Plan Update would have the ability to be placed into a "Development Bank" that property owners can apply to place units in for potential reimbursement. Under the proposed program, property owners that apply for reimbursement would be reimbursed as demand for the units occurs, and under the proposal the receiver sites would be both the rural villages and future General Plan amendments. Under the program, a property owner would also be required to process a TM/TPM to determine how many units would be allowed under the existing General Plan, because it is acknowledged the density under the existing General Plan is not always attainable.

Save our Rural Economy (S.O.R.E.)

S.O.R.E. presented an equity mechanism proposal to the Planning Commission on Nov. 19, 2009. Under the proposal, densities of Rural Lands 20, 40 and 80 would be designated as sending sites, with a density of 1 du/12 acres, allowing the units to be transferred to receiving sites in rural villages. This approach would result in 450,000 acres in the County going from Rural Lands designations to increased densities, resulting in a significant impact above the General Plan Update (approximately 37,000 units), and allowing the densities to be transferred to Rural Villages outside of the CWA Boundary. This program could potentially result in an additional 100,000 persons in the backcountry.

A reduced approach could remove parcels affected by the Forest Conservation Initiative, parcels already designated at one dwelling unit per 40 acres under the existing General Plan, and parcels in the Desert Subregion. These reductions reduce the total acreage to 221,000. At a density of 1 du/12 acres would result in 18,400 units; however would still result in significant units over and above the General Plan Update.

DPLU Assessment

While on the face these proposals appears simple, there are several issues with their implementation. First, many of the Rural Villages that would act as receiver sites do not have significant infrastructure capacity to warrant expansion, especially on the magnitude that could be allowed under the draft program. These villages include areas like Pine Valley or Julian, which are historically developed and would not support extensive expansion. Significant development in many of these villages would be in direct conflict with General Plan Update principles. Second, these units would be over and above what was studied in the Draft Environmental Impact Report for the General Plan Update and any would require new analysis resulting in costly and length delay to the project. Additionally, according to the recent draft SANDAG 2050 Forecast, there is sufficient capacity in the County's General Plan Update for growth beyond 2050. Therefore, there is little rationale for adding additional growth capacity into the County's General Plan at this time.

CONCLUSION

In general, all stakeholders are supportive of equity mechanisms and so is DPLU. The challenge is with feasible implementation. TDR programs involve an equal exchange of development rights or a net increase. The GP Update includes a significant reduction in planning dwelling units in alignment with its planning principles and SANDAG forecasts. PDR programs require a significant expenditure for public funds. Given these constraints, DPLU recommends following the Board endorsed approach and focusing on a PACE program that will provide some equity returns to agricultural property owners. Additional TDR and PDR programs may be considered in the future but it is unlikely that a feasible program can be developed to directly link the existing General Plan to the General Plan Update.